



County Auditor's Spring Conference

Budget 102: Local Government Budgeting

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May 21, 2009



Agenda

- 2009 Budget Status
- 2010 Budget Issues
- Control Boards and Excess Levies
- Cumulative Funds
- TIR/TIF & Circuit Breakers
- Welfare Loans
- “Non-Binding Recommendations”
- Disclosure Forms
- Reminders
- Contacts



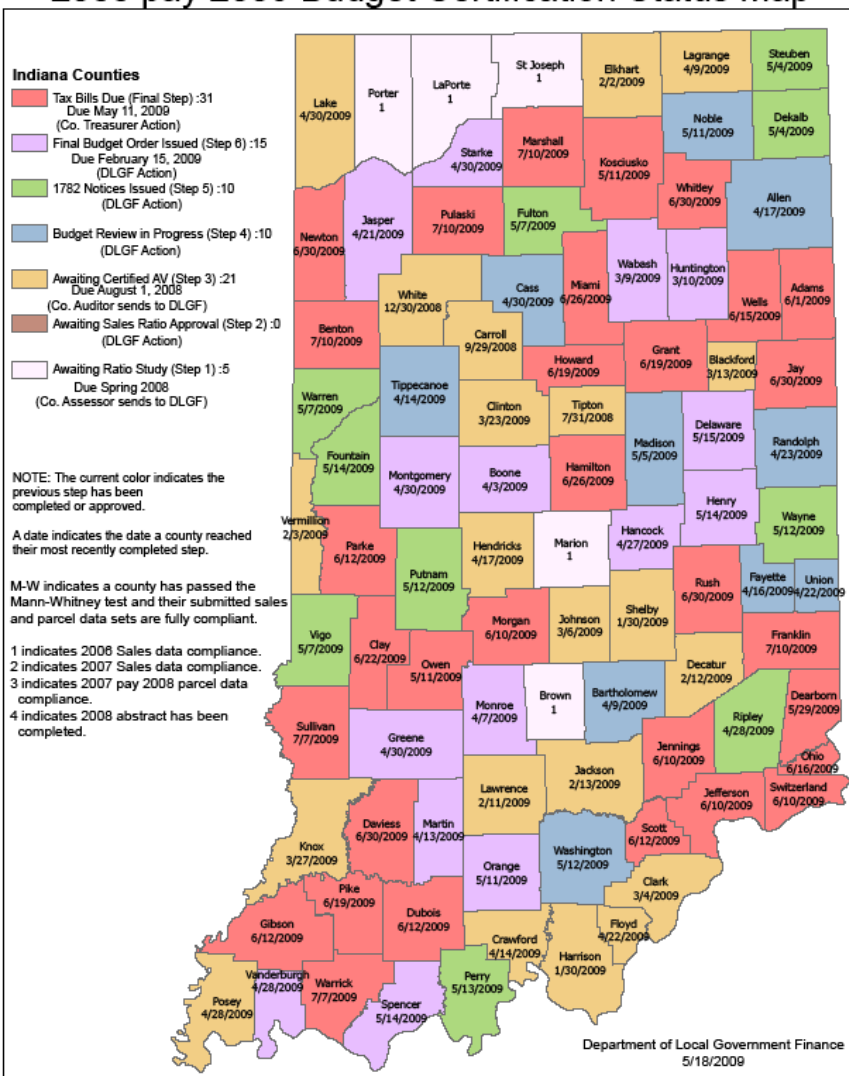
2009 Budget Status

- Additional appropriation requests are being processed as soon as Budget Order for a county is certified
- DLGF has certified 46 county's 2009 Budget Order as of May 15th
- Average time to process an Order is 36 days (from receipt of certified assessed values until order is issued)
- Field representatives now review the Order before sending to auditor



2009 Budget Status

2008 pay 2009 Budget Certification Status Map



"Committed to a fair and equitable property tax system for Hoosier taxpayers."



2010 Budget Issues

- No major legislative changes for 2009-2010
– Yet!
- **NEW!** Last date for 2nd advertisement of public hearing for budgets remains at Aug 9th!
- Lack of legislative changes means:
 - No anticipated changes to 2010 budget forms
 - No changes anticipated for TIF neutralization forms



2010 Budget Issues

- Control Boards – Only function now to hear excessive levy appeals and levies for new taxing units
 - Remaining excessive levy appeals are:
 - Shortfalls due to erroneous assessed values
 - Correction of error that was used to calculate rate
 - Annexation, consolidation or extension of services
 - 3 year growth exceeds state-wide average
 - Unit cannot carryout its governmental functions under the levy limits due to a natural disaster, an accident, or another unanticipated emergency

IC 6-1.1-18.5-12



Excess Levy Appeal Process

- Units requesting an excess levy appeal must include the appeal in the ensuing year's budget and levy
- Amount of the appeal must be included in the budget notice (ad)
- The appeal must be approved by the fiscal body
- Units must file the appeal with the DLGF by Sept. 20 (Shortfall appeals must be filed by Dec. 31)



Excess Levy Appeal Process

- Units file the appeal by completing Hearing Information Sheets and submitting to DLGF Budget Div.
- Hearing will be scheduled with the Control Board
- Most units will need to appear before the Control Board to explain the need
- Control Board will take a vote to make a recommendation to the Commissioner



Control Boards

- Both School and Local Property Tax Control Boards are scheduled to meet once per month
- Control Boards are recommending bodies – They make a recommendation to the Commissioner of the DLGF to consider
- Local Control Board also considers newly formed units request to establish a new maximum levy
- Commissioner may elect to undergo a separate review in addition to the Board's recommendation



Cumulative Funds

- There are 24 separate Cumulative Funds for specific types of projects
- Cumulative Capital Development Fund is the most versatile
- Advantage to using Cumulative Funds is you may levy a tax in advance of when you will need it – you can “save up” to do a project to avoid the expense of borrowing
- In most cases, the Cumulative Fund levy is outside of the maximum levy controls



Establishing a Cumulative Fund

- STEP 1: Publication of Notice To Taxpayers of intent to establish the fund and tax rate along with the uses of the taxes
- STEP 2: Public Hearing and Adoption at which taxpayers in the affected districts have a right to be heard
- STEP 3: Submission to the DLGF before August 2nd of the adopted resolution/ordinance and proofs of publication
- STEP 4: Review by DLGF
- STEP 5: Publication of Notice of Submission begins a 30 day remonstrance period



Establishing a Cumulative Fund

- STEP 6: No Taxpayer Objecting Petitions; submit to the DLGF a Certificate of No Objection from county auditor along with proof of publication
- STEP 7: Cumulative Fund is Levied; beginning with the first annual tax levy after approval. Fund must be included and advertised in the annual budget

Annual rates and levies will be adjusted by the DLGF to adjust for reassessments and “trending.”



New Last Year

TIRs – Now within the maximum levy controls

Circuit Breaker Credits:

- Required to be reported to DLGF according to IC 6-1.1-20.6-11
- Required to be reported within 30 days of date of tax bill
- DLGF needs the information by taxing unit and fund
- Auditor is also required to notify each political subdivision of the reduction in property tax collections due to Circuit Breaker Credits



New Last Year

Welfare Fund Loans – 2009 Only

- Several county welfare funds had deficits at the end of 2008 when the costs were transferred to the state
- Counties were allowed to borrow from other funds or financial institutions to fund those deficits
- Rates and levies were allowed for 2009 providing they were advertised and included with the 2009 budget



New Last Year

County Council “Non-binding Recommendation”

- Civil taxing units must submit the proposed budget to the county council at least 15 days prior to adoption
- County council issues a “non binding recommendation”
- Fiscal body is to consider the recommendation when adopting budget, rates, and levies



Council Recommendation Form

- Last year county councils asked DLGF to provide an optional form or format for the non-binding recommendation
- DLGF designed an Excel spreadsheet to include all the required information
- We attempted to provide a form that could be uploaded and downloaded
- The form can still be used and the DLGF will still provide the 2009 certified information, but the other features are inoperative



“Committed to a fair and equitable property tax system for Hoosier taxpayers.”



“Disclosure of Contractual Obligations and Debt Service” Form

- Form is a declaration of surplus revenues to TIF
- Due to the County Auditor by July 15th
- Form is used to move surplus TIF value to the base
- Declaration has potential to reduce TIF revenue and increase tax distribution



Disclosure of Contractual Obligations and Debt Service” Form

DEPARTMENT OF LOCAL GOVERNMENT FINANCE			
DISCLOSURE OF CONTRACTUAL OBLIGATIONS AND DEBT SERVICE			
Please use additional sheets if necessary			
1. Describe the obligation (as defined by IC 6-1.1-21.2-6.6) to be paid from the tax increment revenues.			
2. List the effective date of the obligation.			
3. List the expiration or termination date of the obligation.			
4. Is the contractual obligation or debt service supported by revenues other than tax increment revenues? If so, please describe. (Ex: CAGIT, COIT, CEDIT, ad valorem property taxes, other)			
5. List the amount of tax increment revenues required for the obligation described above.			
6. List the potential tax increment revenue for 2009 as estimated by the County Auditor's Certificate of Adjustment to the Base Assessed Value of TIF Districts?			
7. Estimated 2009 tax increment surplus or deficit (tax increment replacement amount)			
#VALUE!			
8. Estimated 2008p2009 tax rate used in the County Auditor's Certificate of Adjustment to the Based Assessed Value of TIF Districts.			
9a. If 7 is negative, increase to base assessed value			
#VALUE!			
9b. If 7 is positive, options are:			
i. special assessment per taxpayer			
Number of taxpayers in district:			
ii. tax increment replacement rate for district			
Net assessed value of district:			
iii. reduction to base assessed value			
(Base assessed value cannot be less than 0)			
10. If 7 is positive, describe option adopted, if any, from 9b.			
Option from 9b chosen:			
11. Provide date of public hearing when option was presented and adopted.			



Reminders

- Report outstanding debt at end of year to the DLGF
- The reporting of annual expenditures is accomplished when the units file the annual report with the SBoA
- Remember to report the circuit breaker credits to the DLGF and the units
- Both budget advertisements need to be advertised **before** Aug 10th.



Reminders

- The certified budget order is your notice/approval to transfer balances from the levy excess fund to your operating fund(s)
- That transfer is to replace property tax levy for that fund
- Money in the levy excess fund is from previous property tax collections that exceeded the certified levy



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